

# Rural Women's Access to Finance: Navigating Challenges and Opportunities in Bengaluru Rural.

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## Abstract

*In today's scenario, financial literacy and financial technology has progressed immensely and has achieved great results throughout the world. Yet, developing countries like India where population in rural areas are significantly high are not yet included financially in the economy. This population in rural areas lack the financial, technical and knowledge, infrastructure and facility to access financial products and services. In this, rural women are especially are even more deprived of it citing the obvious backward mentality as possessed by the rural population. Though there are a number of government initiatives and programmes launched and are in practice, the number of women beneficiaries is still low.*

**Keywords:** Financial literacy, women empowerment, government initiatives, rural economy, financial inclusion

## 1.0 Introduction

Access to finance refers to the opportunities, provisions and availability of financial products and services in urban, remote and rural areas. The scope of finance extends to lending, savings, and micro finance services to all income groups. It includes access to traditional or digital banking products, services and other facilities.

This has a significant role in promoting the economic development, entrepreneurial activities, reduction of poverty levels, enhancing overall wellbeing of people, and help in achieving their long term goals even in uncertain circumstances.

Financial inclusion aims at helping people to secure and avail the financial products and services at economical prices. This include services like deposits, fund transfers, insurance, loans and payment services by

establishing proper financial institutions to help poor people to fulfil their needs.

## 2.0 Literature Review

**1. Suresh, N. V., & Remy, V. A. M.** (2024, February) Have focussed on understanding how SHGs are helping in women empowerment. This study has used primary data collected by interviewing 100 women from 50 SHGs in Tiruchirappalli. The Questionnaire focussed on knowing the level of social support, economic growth and political engagement in SHGs. The study has analysed the impact of SHGs on women empowerment in different dimensions, It is found that empowering women in rural areas specially has a significantly positive impact on both individuals and the society as well.

**2. Tarak Nath Sahu, Varuna Agarwala and Sudarshan Maity** (2024) have attempted to understand the effect and impact

of MUDRA loans on the socio-economic and psychological empowerment of tribal women entrepreneurs. They have used primary data and conducted a cross-sectional study using a disproportionate stratified random sampling technique using 710 samples from 6 tribal districts of West Bengal in 2020. It is found that financial aid through microcredit has the potential to generate and empower women in tribal areas.

**3. Martin Kofi Kanyagui, K. J. Sajithkumar, Yogesh Velankar, Renjith Mohan, P. K. Viswanathan & Natalia Magnani (2024)** have conducted a study in rural Mathura village and identified difficulties like limited skills, low income levels and limited resources pose a challenge for earning a living by women. The participatory research aimed to identify the potential sources of income and the necessity for capacity building. They have found that by developing the skills of women and ensuring that they gain access to resources, their wellbeing and livelihood will be improved significantly.

**4. Suresh Govindapuram<sup>1</sup>, Samyukta Bhupatiraju<sup>2</sup>, Rahul A. Sirohi<sup>3</sup> (2023)** have used data from National Family Health Survey 4 to look into the factors that affected women's financial inclusion in India. They have found that micro level factors like household-level economic indicators like wealth, urban- rural locations, gender of the household-head etc and individual factors have more significant influence than macro-level factors. Among them, it is emphasized that gender related norms have more influence in determining the women's mobility and economic activities and they play a key role in shaping women's access to finance.

**5. Mukesh Pal, Hemant Gupta, Yogesh V Joshi (2022)** have focussed on understanding the effect of socio-economic factors on

women's empowerment by financial inclusion. Employment status of women, their involvement in making financial decisions and access to social welfare benefits has a positive relation to the need of having a bank account, though it is found statistically that the safety of savings is not significant to them. This study highlights the link between socio-economic empowerment and financial inclusion and their importance in empowering women. Pradhan Mantri-Jan Dhan Yojana is identified to be a key instrument to promote financial inclusion and to empower rural women ultimately.

### 3.0 Research Gap

The previous studies have been focussed on understanding how the various financial services like microfinance and SHGs are helping in empowerment of women in India, the challenges faced by them to earn a living, factors determining the financial inclusion of women and the effectiveness of microcredit, employment generation and transformation of tribal entrepreneurs. This study aims to understand the situation in rural areas in terms of financial literacy, awareness, technology, services, products and services. It outlines the major challenges and issues faced by the rural women in accessing rural finance. It identifies the various initiatives and schemes that have been implemented to facilitate women to access it and how the rural finance will enable the acceleration of financial access to women.

### 4.0 Factors Identified for the Study

- ❖ Awareness
- ❖ Accessibility
- ❖ Financial literacy
- ❖ Government initiatives and schemes

### 5.0 Need for the Study

Financial Literacy and Financial Technology are two major criteria that define the success

of Financial Inclusion. All these together are parameters that indicate the level of progress and development that has been achieved in the economy. One of the major contributors for this status includes the inclusion and empowerment of women both in Urban and rural areas of the country. Therefore, it is necessary to identify, understand and study the challenges and opportunities faced by women especially in the rural areas to know how aware they are of the various financial services that are designed to focus on their inclusivity and empowerment specifically.

### 6.0 Objectives of the Study:

1. To identify the various financial schemes available for rural women.
2. To highlight the key challenges faced by women in accessing rural-finance.
3. To analyse the role of government initiatives in accelerating financial status of rural women.
4. To suggest measures to improve the financial access to rural areas resulting in women empowerment

### 7.0 Scope of the Study:

This study only focuses on the financial schemes that has significantly recorded the utilization by the women especially in rural areas. It aims to know the level of awareness of the schemes and accessibility to the physical and modern banking practices in rural areas, the challenges and opportunities that are evident in accessing them. This study has been carried out in Bengaluru Rural district targeting rural women and the correctness of responses are subject to the discretion of the responders.

### Challenges in Accessing Finance in Rural Areas by Women

#### ➤ Digital Literacy

Women in rural areas are lack formal education and are not equipped enough to understand, learn and use digital applications and services even though the world has progressed so far.

#### ➤ Financial Literacy

Apart from the basic traditional banking activities, women in rural and remote areas are not yet fully aware of the rapid advancements in the banking and financial sector . With limited levels of digital literacy, it is a challenge to access the financial products and services digitally

#### ➤ Access to Financial Products and Services

With limited or under developed infrastructure, accessing the traditional banks is also a major hurdle in promoting the financial products and services in rural areas. Due to distance and mobility issues, women are not able to access them as and when they require.

#### ➤ Lack of awareness about Government Schemes and Initiatives

The conditions in rural regional banks are not yet equipped enough to offer the necessary assistance and information on the various schemes and initiatives that are offered by the Government for rural development and women empowerment.

### Opportunities for Women: Government Initiatives and Schemes

#### • Mahila Shakti Kendra (MSK):

This scheme was launched in 2017 by the Central Government. By facilitating community participation, this scheme aims to empower women in rural areas. Under this scheme, Inter-sectoral schemes and programs that are meant for women are converged. On

a 60:40 cost sharing ratio between Centre and State, this scheme is implemented by the state government and Union Territory Administration. For the North East and Special Category States exclusively, this ratio is set at 90:10. And 100 percent for Union Territories.

- **National Rural Livelihoods Mission (NRLM):**

This schemes facilitates the women to connect with Self-Help-Groups and helps them to gain support from the government and includes availing of collateral-free loans

- **National-Agriculture Market or e-NAM**

To compensate the barriers and constraints faced by women in accessing the markets and to overcome them, an online platform called e-NAM was launched to facilitate the trading of agricultural commodities

- **PM Awas Yojana – Gramin**

The Government recognized the significance of secured housing and financial decision making for women and launched the Pradhan Mantri Awas Yojana – Grameen. The statistics show s that about 72% of the houses were owned by women either solely or jointly.

- **Mahila Samman Savings**

This is a new addition in the Union Budget 2023-34 wherein small savings schemes are provided for female investors exclusively and has resulted in enabling women to contribute to the nation's economic growth while charting their individual paths.

- **National Co-operative Development Corporation (NCDC)**

is playing a crucial role in empowering women cooperatives as more number of women are associated with cooperatives and deal with different activities in relations to processing a food grains and oil seeds, plantation of crops, and fishing activities, dairy and livestock, spinning-mills, weaving using handloom and power-loom, Integrated Co-operative Development Projects.

- **Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY):**

This scheme was launched to provide health insurance to underprivileged families covering up to Rs 5 lakhs per annum to avail secondary and tertiary hospitalization facilities. The recent data as on 8<sup>th</sup> of July, 2024 reveals that among the 34.7 crore AB-PMJAY cards are issued under this scheme where in, almost half of the beneficiaries are women

## 8.0 Methodology

Type of research: Descriptive Sampling method: Non probability sampling Technique: Convenience sampling Sample frame: Rural women Sample area: Bengaluru Rural Sample Size: 80 Data Collect: Primary data, Through questionnaires Secondary data, websites, journals, articles and research papers Statistical Tool: Chi-square test.

## 9.0 Hypotheses

**H0:** There is no impact of Government initiatives and schemes on the women empowerment in rural areas

**H1:** There is an impact of Government initiatives and schemes on the women empowerment in rural areas

## 10.0 Limitations of the Study:

- This study focuses mainly on the schemes and initiatives that are specific to rural areas and has shown major utilization by women
- The sample size is concise
- The conclusion is derived based on the responses offered by women in rural area
- Time constraint of 2 weeks makes it difficult to carry out the study more effectively

## 11.0 Data Analysis

**Table No 1: Showing data on Demographics and other factors taken for the study**

Details		N of Respondents	Percentage %
Age	18-25	7	7.00
	26-35	16	16.00
	36-45	39	39.00
	46 and above	18	18.00
Marital Status	Married	70	87.50
	Unmarried	10	12.50
Educational Qualification	No Formal Education	8	10.00
	Primary Education	11	13.75
	Secondary Education	37	46.25
	Higher Education	24	30.00
Primary Occupation	Agriculture	11	13.75
	Self-employed	17	21.25
	Homemaker	39	48.75
	Employed in Government sector	4	5.00
	Others	9	11.25
Accessible financial products and services	Banks	20	25.00
	Micro Finance Institutions	1	1.25
	Self Help Groups	37	46.25
	Micro Credit	14	17.50
	Kisan Credit Card	8	10.00
Financial Literacy	Very Unaware	14	17.50
	Unaware	26	32.50
	Neutral	25	31.25
	Aware	13	16.25
	Very aware	2	2.50
Issues in Fintech transaction	Lack of knowledge	35	43.75
	Poor connectivity	22	27.50
	Security concern	8	10.00
	Lack of training	15	18.75
	Others	00	00.00
Awareness on Government Schemes & initiatives	Very unaware	1	1.25
	unaware	5	6.25
	Neutral	25	31.25
	Aware	47	58.75
	Very Aware	2	2.5

\*Source: Primary Data

### 12.0 Chi Square Test

#### Government initiatives and schemes aid in empowerment of women in rural areas

**Table No 2: Showing data analysis using Chi-Square Test**

Parameters	O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> / E
Strongly Disagree	4	16	-12	144	9.00
Disagree	4	16	-12	144	9.00
Neutral	20	16	4	16	1.00
Agree	44	16	28	784	49.00
Strongly Agree	8	16	-8	64	4.00
<b>Total</b>	<b>80</b>				<b>72.00</b>

Observed frequency (O) = 4+4+20+44+8 = 80

Expected frequency (E) = 16+16+16+16+16 = 80

Degree of freedom (df) = 5-1 = 4

Tabulated value X<sub>2</sub> 0.05 =9.488

Calculated value =  $\frac{(O-E)^2}{E} = 72.00$

$\frac{(O-E)^2}{E} = 72 > X_2 0.05 = 9.488$

#### Interpretation:

Here, the derived value is more than the table value,

ie., **72.00 > 9.488**

Therefore, the Null-Hypothesis (H<sub>0</sub>) is rejected.

It emphasises that there is an impact of Government initiatives and schemes on women empowerment in rural areas

#### 13.0 Findings

- It is found that 39% of respondents are in the age group of 36-45 which means that major participants are youths
- 87.5% of respondents are married women. This reflects that, they have family responsibilities and their decisions are impacted by them
- 46.25% of the respondents have completed secondary education and only

30% of the sample size have higher level education. This shows that the majority of the women respondents do not have adequate education and are mostly deprived of financial education.

- 48.75% of respondents are homemakers, which reflects that the educational, age and marital status affect the occupation of rural-women.
- 46.25% of respondents have mentioned that self-help groups are the most accessible financial service to them, followed by banks, micro credit, microfinance institutions and kisan credit card. Hence banks must take actions to make themselves more accessible to the rural population.
- 32.50% of respondents are unaware of financial literacy, 16.25 % are aware, 31.25% respondents are neither aware nor aware, 17.50% are totally not aware of financial literacy. Only 2.5% of respondents are fully aware of financial literacy. This shows that, more awareness programs have to be conducted in order to enhance these levels
- 43.75% of respondents find that lack of knowledge is one of the major issues in using fintech transaction, followed by poor connectivity, lack of training and security concerns in it.
- 58.75% of respondents are aware of the schemes and initiatives launched by the Government and 31.25% are neither aware nor unaware of it. This shows that, the initiatives are promoted well, but it still needs efficiency in reaching the remaining population.

#### 14.0 Suggestions

- It is suggested that financial literacy programmes must be conducted to

enhance the knowledge of financial products and services in rural women.

- The young women have to be encouraged to pursue higher education after secondary school to ensure they get adequate knowledge and power to take informed decisions.
- Education and employment is to be encouraged among rural women such that their status in the society is uplifted
- Infrastructure, network connectivity and technological assistance have to be improved to ensure easy access to physical and digital banking services.
- Access to banks and other financial services like micro financial institutions, self-help groups are key to implement the Government initiatives in Rural areas.
- With continuous and rapid approach to the rural areas, skill development activities must be target to homemakers and other women to enable them in becoming financially independent.

#### 15.0 Conclusion

This study outlines the challenges and opportunities faced by the rural women in accessing finance in India. It showcases the impact of familial and societal norms that affect the empowerment of women & their financial decisions.

It is found that accessing financial products and services by rural women still needs attention and is not efficient enough. Along with making sure that a number of customized government schemes are available to them, it is also necessary to enable women to access and get the duly intended benefits easily.

Formal education and financial literacy plays a key role in realizing this feat as it is crucial for especially women residing in rural areas to have adequate knowledge & information

in various aspects to feel economically, socially and financially strong.

With growing rates of rural education, it is a sign that the rural population will definitely achieve the status of economic and financial development. Hence, to accelerate this, it is necessary to concentrate on uplifting the whole society while simultaneously empowering women in combating the challenges posed by gender norms and help them utilize the benefits efficiently.

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